

**FINAL “NON-QUICK FIX” AGENDA
2002 NEGOTIATED RULEMAKING
LOAN ISSUES COMMITTEE (COMMITTEE I)**

17 Issues

Quick Fix	Origin	Regulatory Cite	Statutory Cite	Suggested Change	ED Notes
	ED	Perkins Loan Disbursements 674.2(b) 674.16(d)(2)		Remove the requirement that a borrower sign a promissory note for each award year in order to allow for the implementation of a master promissory note in the Perkins Program. Change the definition of “making a loan” to provide for loans made under a master promissory note. Add a definition of “master promissory note.”	
Yes	FED UP #54	Perkins Copies of Promissory Notes 674.19(e)(4)		Remove the requirement that a lender must “certify” that a note is a “true and exact” copy as part of its claim submission.	<i>Conforming change</i>
	FED UP (not on 12/14/01 list)	Perkins Exit Counseling 674.42(b)		Revise and update entrance and exit counseling requirements.	<i>Conforming change</i>
	FED UP #16	Perkins Litigation 674.46(a)(1)		Raise the litigation threshold to \$1,000 then permit, but do not require, litigation. Delete requirement for an annual evaluation.	
	FED UP #20	Perkins Write-offs 674.47(h)		Increase the maximum loan write-off from \$5 to \$25 to conform with the standard that a loan must be at least \$25 to be assigned to the Department.	

Quick Fix	Origin	Regulatory Cite	Statutory Cite	Suggested Change	ED Notes
	FED UP #14	Perkins Late Charges 674.43(b)(2)		Make the assessment of late charges optional instead of mandatory.	
	FED UP #17	Perkins Rehabilitation of Loans 674.39	HEA 464(h)	Prohibit rehabilitation on loans for which a judgement has been rendered.	
	ED	FFEL Loan Limits 682.204		Establish rules to clearly state that a school may not link “stand alone” programs to allow for higher annual loan level limits.	
	FED UP #33	FFEL Anticipated Graduation Date 682.209(a)(2)		Provide clarification that a lender is not required to change a borrower’s anticipated graduation date or separation date when the date provided by the school is in the same month and year as previously provided regardless of whether or not the lender has already disclosed repayment terms to the borrower.	
	FED UP #26	FFEL Repayment- Three-times rule 682.209(a)(7)(ii)		Modify the rule that prohibits “balloon payments” that are more than three times other payments.	

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	1/7/02 Suggestion	FFEL Unemployment Deferment 682.210(h)		Simplify the unemployment deferment process.	
	FED UP #53	FFEL Forbearance Simplification 682.211(b)-(e)		To the extent allowed by law, eliminate the requirement that a borrower or endorser must “agree in writing” to the terms of a forbearance.	
	1/7/02 Suggestion	FFEL Administrative Forbearances 682.211(f)		Expand lenders’ authority to grant administrative forbearances.	
	FED UP #52	FFEL Disability Discharge on Consolidation Loans 682.402		Revise the regulations to allow for a partial discharge of a consolidation for the portion that represents a PLUS loan when the student for whom that loan was taken out has died. Revise the regulations to allow for a partial discharge of a joint consolidation loan in the case of the death or total and permanent disability of one of the borrowers.	
	FED UP #57	FFEL Reinsurance 682.412		Clarify that ineligible borrower claims are considered “special claims” and are 100% reinsured.	<i>This appears not to be permitted under the statute.</i>

Quick Fix	Origin	Regulatory Cite	Statutory Cite	Suggested Change	ED Notes
	FFEL COMMUNITY	FFEL/Perkins Promissory Notes 682.414(a)(5)		Allow for the destruction of paper promissory notes when the paper note has been electronically imaged, provided that adequate measures are taken in order to ensure that the imaged notes accurately reflect the information in the document, are accessible, and are capable of being reproduced.	
	FED UP (not on 12/14/01 list)	FFEL Entrance & Exit Counseling 682.604(f) & (g)		Revise and update entrance and exit counseling requirements.	
	1/7/02 Suggestion	FFEL Disability Claims 682.402(h)(1)		Extend the time frame for review and payment of disability claims.	
	FED UP #36	Late Disbursements “No fault” Late Disbursement 668.164(g)(3)(ii)	484B	Codify in regulations guidance which allows for late disbursements after the “90-day window” if the disbursement was due to “no fault” of the borrower.	<i>Moved from Team 2</i>
	FED UP #17	FFEL Rehabilitation of Loans 682.405		Prohibit rehabilitation on loans for which a judgment has been rendered.	<i>Conforming change</i>

Quick Fix	Origin	Regulatory Cite	Statutory Cite	Suggested Change	ED Notes
	FED UP #17	DL Rehabilitation of Loans 685.102(b) 685.211(f)		Prohibit rehabilitation on loans for which a judgment has been rendered.	<i>Conforming change</i>
	ED	DL Loan Limits		Establish rules to clearly state that a school may not link “stand alone” programs to allow for higher annual loan level limits.	<i>Separated from FFEL change</i>
	FED UP #52	DL Disability Discharge on Consolidation Loans 682.402 685.212 & 220		Revise the regulations to allow for a partial discharge of a consolidation for the portion that represents a PLUS loan when the student for whom that loan was taken out has died. Revise the regulations to allow for a partial discharge of a joint consolidation loan in the case of the death or total and permanent disability of one of the borrowers.	<i>Separated from FFEL change</i>
	FED UP (not on 12/14/01 list)	DL Entrance & Exit Counseling 685.304		Revise and update entrance and exit counseling requirements.	<i>Separated from FFEL change</i>